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United Cigar Stores Company of America

(and Subsidiaries)

ANNUAL REPORT

Year Ending December 31, 1927

Jersey City, N. J , March 16, 1928.

To the Stockholders of
United Cigar Stores Company of America:

A statement of the financial condition of your Company, and its subsidiaries as of the close of business December 31st, 1927, is respectfully submitted herewith.

George Wattley,
Treasurer.

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the year ended December 31, 1927.

Net Profit for the year, (Including Enhancement of Leasehold Value—$2,437,002.87)			$11,111,452.71
Deduct:			
Interest on Debenture Gold Bonds		$ 258,996.00	
Reserve for Federal Income Tax (1927) (Estimated)	$ 900,000.00		
Less: Refund of Federal Taxes for prior years	229,017.21	670,982.79	
Dividend on 7% Preferred Stock (Now Retired)		115,910.37	
Dividend on 6% Preferred Stock Outstanding		473,579.13	
Dividends Paid on Common Stock Outstanding:			
8% Cash	$3,899,204.58		
5% Stock	2,437,002.87	6,336,207.45	7,855,675.74
Surplus for the year			$ 3,255,776.97
Surplus Adjustments:			
Premium Paid on 7% Preferred Stock and Debenture Gold Bonds Retired		$1,956,062.28	
Deduct: Premium Received, Less Expenses, on 6% Preferred Stock Issued		832,375.62	1,123,686.66
Net Addition to Surplus			$ 2,132,090.31
Surplus, December 31, 1926			17,569,457.28
Surplus, December 31, 1927			$19,701,547.59

We have examined the accounts and records of the United Cigar Stores Company of America and its subsidiary Companies for the year ended December 31, 1927, and hereby certify that the foregoing Consolidated Balance Sheet and accompanying Profit and Loss Statement, in our opinion, correctly exhibit the condition of the Company at December 31, 1927, and the results of operation for the year.

F. W. LAFRENTZ & CO.
Certified Public Accountants.

CONSOLIDATED BALANCE SHEET

As at December 31, 1927.

ASSETS

CAPITAL ASSETS:			
Real Estate, Buildings and Leaseholds (Less Depreciation)	$37,795,256.97		
LESS: Mortgages	12,779,601.52	$25,015,655.45	
Improvements to Leaseholds and Stores		4,256,006.78	
Furniture, Fixtures and Equipment		5,362,317.90	
Trade Marks, Trade Names, Goodwill, Brands		21,400,000.00	$56,033,980.13
CURRENT ASSETS:			
Cash		$ 6,486,553.97	
Notes Receivable		622,753.67	
Accounts Receivable		4,827,927.99	
Merchandise (composed of Cigars, Cigarettes, Tobacco, Smokers' Articles, Sundry and Premium Merchandise) (At Cost)		12,707,229.31	
Supplies (consisting of Certificates, Safety Paper Stock, Building Supplies, etc.) (At Cost)		248,972.78	
Marketable Securities		7,844,851.98	
Mortgages Receivable		5,015,802.56	37,754,092.26
OTHER ASSETS:			
Miscellaneous Investments		$ 6,016,968.14	
Stock Purchased for Employees	$ 3,548,996.00		
LESS: Loans secured by said stock	2,500,000.00	1,048,996.00	
Special Deposits		72,402.22	7,138,366.36
DEFERRED CHARGES:			
Prepaid Insurance, Interest, etc.		$ 487,154.97	
Rent Paid in Advance		1,674,196.08	2,161,351.05
			$103,087,789.80

LIABILITIES

CAPITAL STOCK:			
6% Cumulative Preferred (Authorized $50,000,000.00)		$20,000,000.00	
LESS: Treasury Stock		180,000.00	$ 19,820,000.00
Common (Authorized $60,000,000.00)			50,616,773.94
TOTAL CAPITAL STOCK OUTSTANDING			$ 70,436,773.94
CURRENT LIABILITIES:			
Accounts Payable		$ 5,301,067.23	
Accrued Taxes		213,398.05	
Reserve for Federal Income Tax		900,000.00	6,414,465.28
DEFERRED LIABILITIES:			
Instalments Received on Employees' Stock		$ 785,631.42	
Rents Received in Advance		823,439.26	
Leasehold Bonuses Payable over period of years		430,350.00	2,039,420.68
RESERVES:			
Unredeemed Certificates, etc.		$ 3,161,028.17	
Furniture, Fixtures and Equipment Depreciation		1,334,554.14	4,495,582.31
SURPLUS			19,701,547.59
			$103,087,789.80

NOTE: Contingent Liability—Guaranty $214,193.75.